

## **Transcript for “Verification”**

**PSC-ED-FSA**

**Moderator: Mark Gerhard  
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10:00 am CT**

Yolanda Adams: Welcome to the Department of Education’s Webinar on Verification. Today’s Webinar will be presented in three parts, respectfully by Atlantis Regional Training Officers, Yolanda Adams, David Bartnicki, and Mike Roberts. We want to thank you for joining us today.

The announcement for this training explains you how you can print today’s presentation. You may also stop this presentation at any time and return later. Be sure to write down the time where you stopped so you can return without missing any information.

This session has been developed for Financial Aid Office personnel and other staff at participating Title IV institutions, who are responsible for performing verification. It is geared towards individuals that have basic, working knowledge of the financial aid programs.

Some experience completing a FAFSA and basic understanding of the content and layout of a Student Aid Report (SAR) and the Institutional Student Information Record, which is the ISIR.

The next slide outlines the topics that we will discuss throughout this Webinar.

### Next slide

As you can see from the agenda, the objective for this session is for you to understand the basic philosophy as to why we verify student data applications. We will discuss the verification items that you are required to have in your school's written policies and procedures.

Verification concerns applicants for most federal student aid programs, but it isn't required if the student would only receive a Parent or a Graduate PLUS Loan or an unsubsidized loan because these loans are not based on the Expected Family Contribution -- the EFC.

We'll cover when verification is required and for which programs. The regulations specify which data items from the Free Application for Federal Student Aid -- the FAFSA -- must be verified. We will identify those prescribed data items.

We'll discuss the flexibility of options that schools have when it comes to verifying certain applications. We will identify what documentation is acceptable for verification and when corrections must be reprocessed via the Central Processing System, or CPS.

And finally, we'll show you how to access the tools at FAA Access to CPS Online that can assist you with the verification process.

### Next slide

What is verification? And why do we do it? Verification is simply the process of checking certain items on a student application to make sure it is correct.

Federal Student Aid generally awards \$600 billion to 900 million students. And this is done annually. These are tax payer dollars. Public confidence in the program is very important. And everyone must do their part to maintain and enhance that confidence. As safe keepers of taxpayer's dollars, FSA and schools are responsible for making sure that the right amount of federal aid is delivered to the right student in a timely manner. The right aid to the right person helps to ensure that confidence and the future of the Title IV programs.

Next slide

So what is verification? The student has filed his FAFSA and it has been processed by the Central Processing Service. You've reviewed the ISIR output document. Now we're in the process of evaluating the student's information to make sure it is correct. Students and parents sometimes can make mistakes filling out the FAFSA. We're simply making sure that the information is correct.

The Department only requires that a portion of the FAFSA filers at your schools be verified, as selected by the Central Processing System. However, you also have the authority and may be required to verify additional students.

Next slide

Now let's look at the verification items that you must include in your school's written policies and procedures. Your school must have written policies and procedures on the following verification issues: how applications are selected for verification; the deadlines for students to submit the documentation, as well as the consequences of failure to meet those deadlines; your procedures must include a method of notifying students of rewards changes due to verification; you must also describe the required correction procedures for

students; and the standard procedures for referring overpayment cases to the Department of Education.

Next slide

In addition to having the items included in your verification policies and procedures, you must give each applicant selected for verification a written statement explaining the following: the documents that you are requiring for verification; the student's responsibility, including correction procedures, the deadlines for completing any actions required, and the consequences of missing those deadlines; you must also explain to the student how your school would notify them if their award changes as a result of verification, and the timeframe for such notification.

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Regardless of whether the Central Processing Service or the school selected the application for verification, all other verification requirements, such as deadlines, allowable tolerances and (interim) disbursement rules apply equally to all students being verified.

Next slide

Now let's look at how students' applications are selected for verification. Applications are selected for verification either by the Central Processing Service or by the school.

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The CPS selects applications based on certain items and inconsistencies. The analysis of applications is ongoing, and the items that prompt students for verification are constantly changing.

As the result of this analysis, CPS selects applications based on their margin for the greatest error. CPS also selects students at random. Schools can choose their own students for verification and can elect to verify the information that Ed requires or verify items based on their own criteria.

Remember, there are deadlines and disbursement rules apply equally to all students, regardless of whether CPS or the school selects the student for verification.

Next slide

CPS notifies the school and the student on FAFSA documents if the student was selected for verification. The FAA section on the ISIR displays a "Y" if the student was selected and "N" if the student was not selected. An asterisk will appear if the student was selected on a subsequent transaction.

Also, next to the Expected Family Contribution -- the EFC -- will be an asterisk referring to a comment in the student section of Page 1 of the SAR -- the Student Aid Report -- that tells applicants that they will be asked by their schools to provide copies of certain financial documents.

Next slide

You may also select additional applications for verification beyond those required, and in these cases the school -- you -- decide which items to verify. You can choose any that must be verified on CPS-selected applications, or

you can choose different items, such as untaxed income, additional assets or other debts. Just keep in mind that the applications selected by you are excluded from meeting the CPS-selected verification requirements.

Next slide

The verification tracking flag on the ISIR uses a 4-digit number to help schools prioritize applicants. The higher the number, the greater the potential for significant error. As you will see in a few slides, this approach of selecting the applicants with the highest 4-digit number is useful if you use the 30% option. This field will help you rank and choose applications for verification that potentially have the most significant mistakes.

Next slide

In addition to reviewing the application and data match information from the CPS, your school must have an adequate internal system to identify conflicting information that would affect a student's eligibility. Regardless of the source, and regardless of whether the student is selected for verification, if your school has conflicting information concerning a student's eligibility or you have any reason to believe a student's application information is incorrect, you must resolve the discrepancy before disbursing federal student aid funds.

Next slide

Applications selected under these circumstances are considered to be selected for verification by the school and do not count toward the 30% level that will be discussed in the next few slides.

Next slide

Over the past few years, the number of (PAL)-eligible applications being selected for verification by CPS has increased significantly. And has caused many schools to request specific information on how to implement the option of limiting the number of applications they are required to verify. The next few slides will explain how to limit the number of applications that you have to verify to 30% of your applicant pool in an award year.

Next slide

Ed, of course, encourages schools to verify all applicants selected by CPS because the applications were selected for a good reason. Data and research over the years which shows where most errors were made on applications. However, you have the option, as previously mentioned, to limit the number of applications up to 30% of your applicant pool. Let's see how this may work.

Next slide

You must verify all applications that CPS selects for verification up to 30% of your school's total number of federal aid applicants in an award year. You may choose to verify more than 30%. And if the CPS selects less than that, you are not required to verify more applications to reach the 30%.

Remember, the 30% is not a quota. Also, applications that a school selects and those with conflicting information do not count toward the 30% level.

Next slide

So if your school elects to exercise the 30% option, you must include this process in your written policies and procedures. You must define which students will be included in the pool of applicants that you select for verification.

We'll show examples of how you may define your applicant pool on the next slide. If you have ongoing enrollment, you must be able to identify students throughout the year to determine the 30%.

Next slide

Defining applicants therefore defines the applicant pool or total applicants. You have the flexibility to define applicants. For example, it could be anyone who applies to the school, but may not be enrolled; anyone who is enrolled; or, even more narrowly, anyone enrolled who is also eligible to receive an aid award.

Whatever definition your school uses, the students you count toward a 30% must meet that definition. So if you define applicant as one who is enrolled and eligible to receive aid, then you would have to verify 30% of the applicants who are enrolled and are eligible to receive aid.

Next slide

There are more things to track and to be sure of with exercising the 30% option. The application must be selected by CPS, it must meet your definition of applicant, and it must have had the designated verification performed on the five categories that we require to be verified. The five categories will be discussed in Part 2 of this Webinar.



Next slide

This shows how you are never required to verify more than those selected by CPS. If it is your school's policy to verify all applications selected by the CPS, as indicated in this example, CPS has selected 45 applications out of 100 to verify. You would be required to verify 45 applications -- 45% of the applications verified. If the CPS selects 20 applications to be verified out of the 100 applicants, and your policy is to verify all applications that CPS selects for verification, you would only have to verify 20 applicants for verification.

Next slide

This is another example as to how the numbers work, and that you never have to verify more than those selected by CPS. The 30% option just puts a limit to the number that you have to verify. Remember, it's 30% of the total applicants.

Applicants as defined by the school. Not 30% of the number selected by CPS. So in this example, out of 100 applicants, CPS selects 45. You would only have to verify 30% of your applicant pool. One hundred times 30 equal 30%. You would only have to verify 30 of the 45 applicants selected by CPS.

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As you can see from the example on this slide, the school defines its applicant as one who is enrolled. During the first semester, 100 students applied and 90 actually enrolled. So this school must verify 30% of the 90 students, for 27 applicants that need to be verified for the semester. Now remember, we have

to count students that enrolled in subsequent terms as well during the academic year.

In this scenario, 50 students applied at second semester, and 40 actually enrolled. Thirty percent of 40 students equal 12 that must be verified for that second semester. The 30% has to reflect the total applicants as defined by your school. So the school has to verify a total number of 39 students for the award year: 27 students from the first semester -- 30% of 90 enrolled; and 12 students from the second semester -- 30% of the 40 enrolled.

We hope this gives you a better understanding of how to define your applicant and how to reach your target of the 30%. This concludes Part 1 of the verification Webinar.

(David Bartnicki):Hello. My name is (David Bartnicki), a Federal Training Officer with FSA.  
I'm beginning Part 2 of the verification -- the school responsibility.

Though it may seem like you have to verify students in quite a few situations, there are actually some circumstances that are excluded from the verification process. This can be a benefit to both the students and the school. Over the next few slides, we will identify the various exclusions.

Next slide

A selected application may be exempt from some or all of the verification requirements due to unusual circumstances. Except in the case of the student's death, however, none of these exemptions excuse the school from the requirement to resolve conflicting information.

A selected application does not have to be verified if the student is in jail or prison at the time of verification. A selected application does not have to be verified if the student is an immigrant who arrived in the United States during calendar years 2009 or 2010 for the 9/10 award year.

The school is not required to verify spousal information for an independent student if the spouse is deceased or mentally or physically incapacitated, residing in a country other than the US and can't be contacted by normal means, or can't be located because his or her address is unknown and the student can't obtain it. Please note because of this exemption only applies to the spouse's data. The application must still be verified according to all other requirements.

You also don't have to verify a dependent student's application if the student's parents are deceased, are mentally or physically incapacitated, parent's are residing in a country other than the US and can't be contacted by normal means, or parents can't be located because their address is unknown and the student cannot obtain it.

Next slide

Other exclusions include the following: If the student dies, the school is not required to complete their verification and does not have to resolve any conflicting information. You don't have to verify the selected application of a

student who completed verification for the current award year at another school before transferring.

However, to document a student's eligibility for this exclusion, you must get a letter from the school that completed the verification. The letter must include a statement that the student's application data have been verified, the transaction number of the verified application, and if relevant, the reason why the school was not required to recalculate the student's EFC.

You also don't have to verify the selected application of a student who is a certain Pacific Island resident and/or citizen, such as Guam or Palau. Now it is important to remember that to qualify for this exclusion, a dependent student's parents must also meet the same criteria.

In addition, you don't have to verify a student who won't receive federal student aid for reasons other than his failure to complete verification. This category includes students ineligible for aid from the FSA programs and those who withdraw without receiving aid.

For all the exclusions discussed, the school should just make sure that there is documentation to support these exceptions.

Next slide

And finally, verification is not required if the student would only receive a Parent or Graduate PLUS Loan, and unsubsidized loan, a TEACH grant, LEAP and SLEAP grants, the Robert C. Byrd Honors Scholarship, or unsubsidized or subsidized Stafford loans for study at eligible foreign schools.

However, a student cannot avoid verification by choosing to borrow an unsubsidized loan instead of a subsidized loan. If he or she tries to do this, the school is to continue with verification. Also note that schools participating in the quality assurance program, or QA, can develop verification procedures different from those specified in the FSA regulations.

Next slide

Now that we are confident about who we will verify, what do we verify? Regulations specify specific elements that must be reviewed for CPS-selected applicants.

So what do I verify? For those applicants selected by CPS, schools are required to verify five major data elements on the FAFSA. These areas include: adjusted gross income, US income tax paid, certain untaxed income and benefits, household size, and number enrolled in college. Remember, the verification is used to confirm that certain data is correct on the FAFSA.

Next slide

In addition to Ed-required items, it is important to remember that a school may choose to verify any other item for those applicants selected by CPS or for any applicant selected by the school. For school-selected applications, they can choose the items they wish to verify. They can be the same as the Ed-required items; they can be different items, or a combination of both items.

For other application items, you can require any reasonable documentation in accordance with consistently-applied institutional policies. You may decide which students must provide documentation for any additional data elements and what constitutes acceptable documentation. Please remember however,

that school applications may not be included in the 30% option if exercised by the school.

Next slide

When reviewing the required data elements, it is helpful to understand what documents can be used to verify the specific information. This section outlines the various documents that are acceptable to confirm that the data on the FAFSA form is correct.

Next slide

So what documents do I need? The most common document used to verify and taxable and some untaxed income is the base year tax return. The base year is the completed tax year prior to the start of the next award. For example, for the 9/10 award year, the base year would be the 2008 tax return.

For untaxed income, household size, and number in college, the Department's verification worksheet can be used to capture all the other verification data not disclosed on the tax returns. In addition, there are instances where alternative documentation can be used to document information. This includes official agency documentation, such as an agency letter, institutional certification, and/or signed statements from the student and/or parents.

It is important to mention that required signatures, such as signatures on worksheets or on copies of tax returns, must be collected at the time of verification. They cannot be collected after the verification deadline for that award year. Verification deadlines will be discussed towards the end of this presentation.

Next slide

Verification worksheets: As mentioned, the Department's verification worksheets were developed to assist schools in gathering verification data. Master copies are available on the IFAP Website at [www.ifap.ed.gov](http://www.ifap.ed.gov). You may reproduce as many forms as you need, however you're not required to use the Department's verification worksheet. Your school may use its own worksheet or none at all. You may require other documentation in addition to or instead of a completed verification worksheet.

If you require students to complete the Department's verification worksheets, you must provide the appropriate worksheet -- dependent or independent -- to the selected students. You should remind your students that they must submit the completed worksheet and copies of the relevant income tax returns or alternative documents to you -- the financial aid office -- not to the Department of Education.

When you receive the student's submission, you should make sure that the worksheet is signed, that all required sections are completed, and that the relevant tax returns or alternative documents are attached.

Next slide

Another important piece of information is original documents versus copies. Copies, such as photocopies, faxes or digital images, of worksheets, tax returns or other documents are acceptable, unless specifically noted. A signature on a copy is as valid as an original signature.

Next slide

As far as verifying required items, you can usually verify AGI and US income tax paid by getting a copy of the signed US income tax return. The tax documents needed for verification may depend on the following methods: electronic or paper. Documents must have all the data required for verification, and the signatures or preparer's stamp or other official validation, unless the form is mailed directly to the school from the IRS.

If all necessary data are not present, then the student must provide additional documentation as described in this section. To verify AGI and taxes paid, you must first identify everyone whose financial data was reported on the FAFSA and which tax returns, if any, they filed. The type of form reported on the FAFSA should match what the student and parents actually file.

The AGI figures reported on the FAFSA should always match the AGI figures that appear on the tax return, unless the FAFSA amount has been adjusted from a joint return due to divorce, separation, or professional judgment.

As mentioned earlier, you can accept a copy of the original signed return filed with the IRS. If a copy was made of an unsigned return the filer, or at least one of the filers of a joint return, must sign the copy. You can also accept a tax form that has been completed to duplicate the filed return. And you can also accept an electronic copy of the return that has been electronically signed by the person to whom the document belongs, provided your school's process for accepting an electronic signature complies with the E-SIGN Act.

Next slide

Now in addition to reviewing regular tax returns, there are some special circumstances and alternatives that exist when trying to confirm AGI and untaxed income information. These situations include electronic filing, non-



filers, filing extensions, fiscal year tax returns, non-resident filers, foreign income, and times when tax returns are not available.

When filing electronically, the IRS e-file program comprises two electronic filing methods. The tax filer can go to an e-file provider who will send the return to the IRS or he can use tax-filing software on a home computer for submission to the IRS. The filer should always receive a paper copy of the return in some format. Paper copies of the return are acceptable documentation for verification as long as they are signed by at least one of the tax filers.

Also, an important point to remember is that returns in the e-file provider's format might not contain every line item, showing instead only the data the tax filer provided. Please note that when an electronic tax return is filed, the filer also submits IRS Form 8453, which doesn't have enough information and can't be used for verification.

For non-filers, an AGI figure won't be available. A non-filer would instead report on the FAFSA income earned from work, which includes any income reported on the individual's W-2 forms plus any other earnings from work not reported on those forms. A properly-completed federal verification worksheet sufficiently document income earned from work.

If any of the persons required to report income information on the FAFSA will file but hasn't filed a tax return at the time of submitting an application, they would have used an estimated AGI on the FAFSA. At the time of verification, the necessary tax returns should have been filed and must be used for verification.

If a return hasn't been filed by then and a filing extension was granted by the IRS, the school shall accept as an alternative, documentation such as copies of W-2 forms and proof that the IRS has granted a filing extension. Once filed, the student must submit a copy of the tax returns. When you receive the completed tax returns, you may use them to re-verify the required data.

Next slide

For a fiscal year return, as opposed to one for the calendar year, the student should report the AGI and US income tax paid from the return that includes the greater number of months in the base year

For certain non-residents, the 1040-NR is filed, and that is acceptable documentation for verification purposes. If a person filed a non-IRS return for foreign income, this return would be considered equivalent to an IRS Form 1040. If the student or the student's parents earn foreign income, but did not pay any taxes on that income, it should be reported as untaxed income.

Now if a copy of the tax return is not available, the student must instead submit a copy of any IRS form that lists tax information and provides the information needed for verification. The form must be signed by the student unless the IRS sent the form directly to the school. A common form used in this situation is the tax transcript.

If the IRS can't provide a copy of the return or any form with tax account information, you must get a copy of the W-2, unless that's not applicable or unavailable. In those very rare cases, you can accept a signed statement from the filer certifying their income and other appropriate information.

Next slide

Now no one likes to deal with taxes. That's why you're a Financial Aid Administrator and not a tax preparer. However, though the Department does not expect you to be a tax expert, aid administrators must have a fundamental understanding of relevant tax issues that can considerably affect the need analysis process.

You are obligated to know, one, whether a person was required to file a tax return, two, what the correct filing status for a person should be and , three, that an individual cannot be claimed as an exemption by more than one person.

Now, to assist you, Publication 17 of the IRS, "Your Federal Income Tax", is a useful resource that addresses these pertinent tax issues. You can view it on the Web at [www.irs.gov](http://www.irs.gov) or you can call the IRS at 1-800-829-3676 to order a copy. The pages most applicable to these areas are Pages 5 through 9 and 20 through 25.

Next slide

Some examples of conflicting tax return data may include individuals that are married filing separately, but both claim themselves as head of household; a student claiming themselves as an exemption on their tax return, but also being claimed by their parents; a student indicated on the FAFSA that they were not required to file a tax return, but indicated that they earned \$30,000 from work.

Now, all conflicting information must be resolved. There could be a reasonable explanation of why there appears to be a conflict, but is none. Or the individual may have to submit a copy of an amended return.

Next slide

Though conflicts occur, there are times where a concern appears to be a conflict but, in fact, may not be a conflict. Some examples of issues that are not conflicts include: when a taxpayer claimed multiple conflicting credits, information in Box 14 of the W-2, when the household size differs from the exemptions listed on the tax return, individuals identified as dependents by the IRS but not the Department, various assumptions made by the CPS in filling out certain data on the FAFSA, or when estimated income is used on the FAFSA.

Next slide

Well let's move away from AGI and discuss untaxed income. The term untaxed income means any income excluded from federal income taxation under the IRS code. For an application selected for verification, you must verify three specific types of untaxed income and benefits: child support, IRA or Keogh deductions, and interest on tax-free bonds.

You must verify child support if the student, student's spouse, or student's parents report receiving it, or if you have reason to believe it was received. One exception is when the amount reported is the same amount that was verified in the previous year. A completed verification worksheet is sufficient to verify child support received. If you don't use the verification worksheet, you must require a signed statement confirming the amount of child support received for all children in the household.

If child support is paid through a government agency, then a statement from that agency would also be acceptable. If you have reason to doubt the statement provided, you should request a copy of the divorce decree or

separation agreement showing the child support to be provided, a signed statement from the parent who provided the support showing the amount provided, or copies of the cancelled checks or money order received.

Next slide

Deductible payments to IRA and Keogh plans and interest on tax-free bonds can be verified using the tax return. Non-filers should submit a signed statement confirming that they did not file a tax return and list the amount and specific sources of untaxed income and benefits by name.

In addition to the three types of untaxed income specified, you must verify all other untaxed income reported on the US Individual Income Tax Return, excluding schedules. You will need to verify other untaxed items that do not appear on tax returns, such as housing allowances, workers compensation, veteran non-education benefits, and money received or paid on the student's behalf.

Now, as fun as discussing income can be, let's move on to the other required elements to verify.

Next slide

Household size: as defined on the FAFSA, household size for an independent student includes the student and his or her spouse, the student's children, if they will receive more than half of their support from the student, and other persons who live with and receive more than half their support from the student.

The household size for a dependent student includes the student and parents, the student's siblings and children, if they will receive more than half their support from the student's parent or parents, other persons who live with and receive more than half their support from the student's parent or parents.

Basic data captured for household members are the name, age, and relationship to the student. This information must be updated at the time of verification.

If the student and parent if applicable, completed the department's verification worksheet, no further documentation for this item is required.

However, instead of the worksheet you may accept a statement signed by the student and parent that provides the required information.

Next slide

There are a few instances however where you don't have to verify household size.

These include when the data is the same as reported and verified in the previous award year. You receive the student's ISA or SAR within 90 days after the date the application was signed.

For a dependent student, the household size reported for married parents is three or two if the parent is single, divorced, separated, or widowed and the household size reported for a married independent student is two or one if the student is single, divorced, separated, or widowed.

Next slide

Number enrolled in college. As defined on the FAFSA, the household members enrolled in college for an independent student includes the applicant and all those in the household who are or will be enrolled at least half time during the award year in a degree or certificate program at a title for eligible school, and who can reasonably be expected to receive financial assistance from the family for their education.

The household members enrolled in college for a dependant student includes the student but not their parents and all others who count in the household that are or will be enrolled at least half time during the award year in an eligible degree or certificate program at a school eligible for any of the FSA programs.

Basic data captured for those enrolled in college are the name, age, relationship, and the names of the schools they are attending. This information must be updated at the time of verification.

If the student and parent if applicable, completed the department's verification worksheet no further documentation for this item is required.

However, instead of the worksheet, you may accept the statement signed by the student and parent that provides the required information. This enrollment information may be combined with the household size statements earlier discussed.

If you have any reason to doubt the enrollment information reported, you should require the student to obtain documentation from the other students and schools listed.

Next slide

There are also a few instances where you don't have to verify the number enrolled in college. These include when the reported number enrolled is one, the student only, you receive the student's ISA or SAR within 90 days after the date the application was signed, the family members the student lists are enrolled at least half time at your school and you have confirmed their enrollment through your school's own records.

Next slide

And as a final overview regarding verification documentation, this table outlines the acceptable documents that can be used to verify the required data elements.

For household size you may use the department's verification worksheet or a signed statement. For the number enrolled in college you may use the department's verification worksheet, a signed statement, or a school's certification.

In most cases for AGI and taxes paid you will use tax returns. In those special circumstances mentioned earlier, such as non-filers, you may also use the department's verification worksheet, other types of IRS forms, W-2s, and/or signed statements.

For some untaxed income you can use tax returns. But for some information you may need to use the department's verification worksheet, signed statements, or official agency documentation.

For more information and further examples around the five major verification items discussed in this section, please see the FSA Handbook's Application and Verification Guide, Chapter 4.



Next slide

Oh, one last general reminder regarding gathering and reviewing data. Regardless if a student has been selected for verification, a school must resolve C codes present on a student's ISA and must have an adequate internal system to identify and resolve any conflicting information.

C codes are used to identify potential student eligibility issues such as citizenship status or selective service concerns and must be resolved, corrected and/or confirmed to ensure a student is eligible to receive Title IV aid.

Conflicting information occurs when there is a discrepancy with any information that would affect the student's eligibility. Examples include information from the Admissions Office as to whether the student has a high school diploma or information from other offices regarding academic progress and enrollment status.

Remember you can't disburse any aid until you have resolved all conflicting information.

If you suspect that a student, employee, or other individual has misrepresented information or altered documentation to increase aid eligibility or to fraudulently obtain federal funds, you should report your suspicions and provide any evidence to the Office of Inspector General.

You can report this information by calling 1-800-MIS-USED. That's 1- 800-MIS-USED. This concludes Part 2 of the Verification of School Responsibility Recording.

Welcome to Part 3 of the Verification Process Recording. I am Michael Roberts, a Federal Student Aid Training Officer. We will begin with completing the verification process.

Next slide

Unless receiving only Pell funds or an unsubsidized loan, a student selected for verification must complete it.

Schools have the authority and in some instances are required to withhold disbursement of any FSA fund until the student completes verification. Adopting this policy substantially reduces the incident of overpayment.

When the school has obtained all necessary documentation from the student, you should compare that documentation with the information reported on the ISIR.

You can use a checklist or you can use the verification tool that can be (assessed) through EDExpress or FAA Access to CPS.

The verification tool can also be used to compare ISIR data collected. The Verification tool will show changes, calculate the verification tolerance and advise the school if there is a need to submit to CPS for reprocessing.

The school can submit the corrections right from the verification tool. Be sure to keep documentation and signatures from the student and/or parent for any changes. This will be covered in more detail in a later slide.

Next slide

Schools can make an interim disbursement of some Title IV funds before verification is complete if there is no reason to believe the application information is incorrect.

The limitations for each program are listed on the slide. Keep in mind that the school is liable for an interim disbursement if verification shows the student received an overpayment or if the student fails to complete verification.

If the school makes an interim Pell disbursement, report the payment with a W verification status code.

For FWS after 60 days if verification has not been completed, the school cannot continue to employ the student under FWS.

If the school later discovers that the student has been over awarded, the school should attempt to adjust the student's other aid. Otherwise the school must reimburse the FWS program for school funds.

Next slide

Pell applicants selected for verification must complete the process by the deadline published in the Federal Register in the month of June of each year.

For '08, '09 September 28, 2009 is the deadline or the earlier of 120 days after the student's last enrollment.

The school may set an earlier deadline for campus-based and student loan programs. Verification is complete when your school has all the requested documentation. Also for Pell grants the student must have corrected any errors shown that the information is correct. And your school must have the student's valid correct ISIR or SAR.

For campus-based and Stafford Loan funds you must have an ISIR or SAR with an official EFC that shows the application data were processed through the CPS at least once while the student was enrolled.

Next slide

If a student fails to provide the required documentation by the deadline of the school or the department, first, do not disburse additional Pell, ACG, National SMART FSEOG, or Perkins funds to the student.

Second, do not continue the student's enrollment in FWS employment.

Third, do not certify, originate, or disburse FFEL, or DL loan funds to the student or certify or originate the Stafford loan application.

Return any undelivered or undisbursed FFEL or DL loan funds to the appropriate source. If the student already received Pell, ACG, National SMART, FSEOG, or Perkins funds in a disbursement prior to being selected for verification, then the school must return those funds.

Federal Student Aid Handbook Volume 5 has additional information about overpayments that the student is responsible for. If the student received funds

as an interim disbursement while waiting to complete verification the school is responsible for returning the money to programs.

Next slide

Generally a student ceases to be eligible for aid once the student has finished the term and is no longer enrolled. However, the student may submit verification documentation and receive a late disbursement after that time if the department processed a SAR or ISIR with an unofficial EFC while the student was still enrolled.

Also if there was a change in the student's EFC due to verification completed after the student was enrolled any Pell Grant awarded would be based on the higher EFC.

For information regarding post-withdrawal disbursements see Volume 5 of the Handbook.

Next slide

A student's application might be selected for verification after corrections are submitted and after the student has already been paid based on the previous unselected CPS transaction. There is a change flag on the ISIR to call attention to this situation.

The school must verify the student's application before making further disbursements.

If verification does not justify aid already disbursed then the student is responsible for repaying all ineligible aid. However, the student may keep any Stafford loan money received and FWS wages earned.

Next slide

When the school disburses any grant or DSL, the school must report through Common Origination and Disbursement, COD, the student's verification status even if the student has - was not selected for verification.

We'll go over the verification status codes in a little detail.

V means that the student has been verified. This includes students selected by the CPS and those the school chose to verify.

S. The CPS selected the student for verification but the school did not verify because either number one, the 30% verification threshold had already been reached or number two, the school participates in the Quality Assurance Program and the school has its own verification criteria.

Number three, the student satisfies one of the following exclusions - incarceration, recent immigrant, spouse unavailable, parent unavailable, death of a student or Pacific Island resident.

More information on exclusions can be found in the Handbook AVG section Chapter 4.

And the last exclusion, the school has already reached the 30% threshold.

W. The student was selected for verification by the CPS or your school. And you choose to pay a first disbursement of Pell without documentation. This code must be updated once verification is completed or COD will reduce the Pell Grant to zero.

And the last code is blank. The school reports a blank if verification has not been performed because neither the CPS nor the school selected the student.

Next slide

Verification can sometimes uncover minor errors that won't significantly affect the student's eligibility. So the regulations provide a tolerance for verification changes.

This tolerance is \$400. If the total difference between the incorrect and correct values of certain items is more than \$400, the information must be corrected.

To calculate the difference, first add the original or incorrect AGI and untaxed income amounts. From that sum, subtract the original US income tax paid to get the uncorrected total.

So the same for the correct values. Add the correct AGI and untaxed income and subtract the correct US income tax paid to get the corrected total.

If the difference between the uncorrected total and the corrected total is \$400 or less, the errors are within tolerance. You may award the student aid without submitting a correction or recalculating the EFC.

Next slide

This slide graphically provides an example of the tolerance process with the previous slide. As you can see, the original AGI of \$2,500 is added to the untaxed income of \$500 producing a total. Then the original taxes paid of \$250 is subtracted from this total for a balance of \$2,750.

Now the correct AGI of \$2800 plus \$500 untaxed income minus the correct taxes paid of \$281 for a total of \$3019.

The net difference is \$269. Since this is less than \$400, the school may award based on the original data.

Note that there is no tolerance for errors of non-dollar items. If the original application has an error in a non-dollar item such as household size, the student or the school must correct it.

Additionally, tolerance is optional. Schools may choose to collect documents for ISIR corrections and reprocessing.

Next slide

Verification can be one of the most time-consuming processes in financial aid administration. There are several verification resources that will guide and assist financial aid administrators. This next section will review these resources.

Next slide

The regulations governing verifications are listed on this slide. As mentioned earlier, the Federal Student Aid Handbook has a verification section entitled



Application and Verification Guide or AVG. It provides general and specific guidance on application and verification processes.

Chapter 4 is - also contains guidance and regulatory sites for verification. The other references will be covered on the next few slides.

Next slide

FSA program review and audit, independent audits prior to program views audits. This is one of the best sources of institutions to review for improvements in verification process as well as other Title IV requirements with schools.

FSA Handbook Volume 2 Chapter 12 contains the following areas of concerns. Ensured Title IV compliance, prepare for an audit, prepare for program review, correct deficiencies and eliminate repeat findings, develop or update policies and procedures.

FSA Coach. On the next slide is a comprehensive introductory course on school requirements for administering federal student aid programs.

FSA Coach is a free training program from the department. FSA Coach is designed for new and experienced financial aid administrators.

FSA Coach is located on [ifap.ed.gov](http://ifap.ed.gov) under Tools for Schools. The verification section is located under Determining Student Eligibility Section and How to Verify Student Data Section.

Next slide

FSA assessments can be accessed on the Information for Financial Aid Professionals Web page, [ifap.ed.gov](http://ifap.ed.gov). Click on Tools for Schools than FSA Assessments, you can see the screen on this slide. Verification is located under the Student section.

The verification assessment provides you with an opportunity to review procedures regarding verification. It is highly recommended to complete this section to review your overall verification process.

Use the assessments to fix problems before an auditor or program reviewer finds it.

The Student Eligibility Section is also helpful. If you completed the student's eligibility file review and identified issues regarding verification, it is recommended as well that you complete the appropriate activities provided in this assessment related to verification.

There are additional links provided to assist you in the evaluation of your verification process.

Also of particular note is the Innovation section which contains an assessment of the Policies and Procedures Manual.

Next slide

Now let's take a closer look under the verification section. Under the students column click on Verification as you can see on this slide.

Next slide

The top link on this screen provides a very handy regulatory verification guide at a glance.

For additional verification help we recommend that you start with the activity bar which is highlighted in the middle and bottom arrows. Both arrows will take you to Word documents that will assist you in developing policies and procedures in each category providing best practices and reviewing various verification examples.

Team approach to the assessment is critical. Use the management enhancement as a corrective action plan and tracking progress.

Next slide

As mentioned earlier, another tool for financial aid administrators is the Verification tool on FAA access to the CPS online which can be accessed on the URL above on this slide.

The Verification tool is used to compare ISIR data with data on the verification documents such as federal tax returns or the verification worksheet. This tool imports the original FAFSA data elements and the school inputs the verified information.

Then the tool computes and totals the difference and tolerance levels. It provides a comparison of the ISIR and text worksheet data and notes the differences between the two sources.

The school can use the tool to identify the need for corrections and if necessary and make those corrections using the Make Corrections link.

To access the Verification tool go to FAA access to CPS online Web site on the above slide. Click on Review Verification Data with Verification tool at the red arrow.

Next slide

The ISIR Analysis tool is designed to help schools conduct an in-depth analysis of applicant populations in order to help them understand the effectiveness of their own verification procedures and targeting data elements and the students most likely to correct applicant information.

Any school can use the ISIR Analysis tool. The main difference is that the tool can help identify ISA fields that change as a result of verification and if change impacts EFC and eligibility.

If a school that verifies records selected by the CPS, the records can provide information so that you can better target the records to look at and use the data to improve consumer information so that students and parents are aware of common application mistakes and elements that have a high rate of change.

If your school limits verification to 30%, the tools can help you determine the records to include in that 30% that have more of an impact on EFC and Pell eligibility.

Schools that verify beyond 30% can use information to make verification more efficient and focused. Staff can focus on records where EFC changes is meaningful and let go of looking at records where there is minimal change. It helps to use resources most efficiently.

This Web-based program that is a part of FAA access to CPS online. Access is granted to the user by the SAIG destination point administrator as part of FAA access to CPS online. You will need your own ED PIN, your destination code and your six digit federal school code to access the ISA Analysis tool. FAA access to CPS online Web site is listed on this site.

There is also a demonstration site to practice running reports. If you are interested in using the ISIR Analysis tool you may need to ensure that your data point administrator or DPA gives you access within FAA access to CPS online to use the tool.

FAA access to CPS online for aid administrators use either student's FAFSA data directly with CPS. The login process for the FAA access to CPS online and the Student Aid Internet Gateway SAIG Enrollment Web sites was changed earlier this year. See electronic announcement that dated March the 3rd, 2009. Users were no longer need to provide personally identifiable (informations) to log into these Web sites.

Instead a federal student aid ID user ID and password will be used to authenticate a user's identity and to log into both Web sites. The FSA user ID and password will replace identifiers that are currently used to login such as Social Security or date of birth.

Next slide

You can use the demo site by accessing the address on this slide. This Web site is a demonstration version of federal student aid's 2009/2010 FAFSA on the Web, corrections on the Web, student inquiry and FAA access to CPS online sites including the ISIR Analysis tool and return to Title IV on the Web R2T4. It offers most of the features the production versions of the

FAFSA on the Web and FAA access to CPS online sites except that no data is processed. Use the above username and password to gain access.

Once you arrive at the demonstration site follow the instructions for using the demo ISA analysis tool at the bottom of the Web page.

And finally, program review and audit findings are a good starting point for diagnosing your school's compliance with federal regulations particularly in verification.

Verification findings are consistently in the top ten findings at institutions each year. A review of past findings and the development of policy and procedures made to prevent problems from reoccurring are of great benefit.

Repeat findings indicate problems that have not been corrected and can lead to institutional liability. This slide shows some of the major compliance findings.

This completes the verification process recording. If you have more questions about verification, please review the Application Verification Guide in the Federal Student Aid Handbook which is available on the Information for Professional - Financial Aid Professional's Web site, [ifap.ed.gov](http://ifap.ed.gov).

You can also contact your regional training officers or your school participation team. Thank you for viewing this recording.

